

The language before us today, offered as an amendment at markup by Chairman WAXMAN and me, would ensure the Federal Acquisition Regulation is revised to include a requirement that Federal contractors notify the Government of violations of Federal criminal law or overpayments in connection with the award or performance of contracts or subcontracts. In doing so, it would ensure the regulation is applicable to all contracts, including those performed overseas and those for commercial items.

The stated purposes of the introduced version of H.R. 5712 are ultimately accomplished by this language, but accomplished through the more appropriate statutory acquisition rulemaking process.

Again, as with the other so-called "contractor bills" we are considering today, I continue to believe all would be better served if we had spent our time trying to improve the operation of our acquisition system—in order to better acquire the best value goods and services our Government so desperately needs.

And in this case, I am certain we would have been better off had we allowed the regulatory process to go forward without any interference at all from us.

Nonetheless, under the circumstances, I believe this version of the bill we are considering today is an adequate solution, and I thank Chairman WAXMAN and Mr. WELCH for working with me on the revised language.

Mr. TOWNS. Mr. Speaker, I would like to yield 5 minutes to the author of this legislation, a person that has worked real hard and has done a magnificent job, the gentleman from Vermont, Congressman WELCH.

Mr. WELCH of Vermont. Mr. Speaker, one of the fundamental responsibilities that this Congress has is to protect taxpayer dollars. That has become an enormous challenge, as many of the taxpayer dollars that are appropriated are paid to private contractors.

The growth in contracting in the past 6 or 7 years has exploded. Procurement spending in 2000 was \$213 billion. Procurement spending is when we enter into a contract with a private company to deliver goods or services. That amount exploded last year to \$412 billion. Much of that is going to Iraq and Afghanistan. Much of this is being subject to waste, fraud and abuse.

The Oversight Committee under Mr. WAXMAN and Mr. DAVIS has done vigorous oversight and identified in 2006 that there were 118 contracts valued at \$745 billion that were found by government auditors to include a significant component of fraud, abuse and mismanagement. And, in fact, it got worse.

In 2008, that report identified 187 contracts valued at \$1.1 trillion, where they were plagued by waste, fraud and abuse.

The bottom line is, will we, as a Congress, Republicans and Democrats, be vigilant in protecting taxpayer dollars? We have to do that, especially when there is documented evidence of rip-offs, wicked rip-offs that have occurred with taxpayer dollars in Afghanistan and in Iraq.

There's two goals that we have. The first that we widely share is that every taxpayer dollar will be accounted for, and that the taxpayers who were working hard to support this government and our troops will see that their money is spent on proper things that are in the contract. We have to protect the taxpayer.

The second is we've got to protect the troops. If we are spending money in Iraq and Afghanistan for the intended purpose of bringing our troops home and improving our national security, any dollar that's wasted that results in any additional injury, or one day prolonged in the conflicts, is a dollar that is improperly wasted. We cannot do that.

So I believe that this loophole, however it got there, by mistake or by sleight of hand, however it got there, it's got to be closed. Obviously, if you have a regulation, as it was written, that says we will report fraud when it is a rip-off on a domestic contract, but we won't when it's on a foreign contract, we're sending a very unambiguous message. There's a green light to rip off taxpayers if the money is being spent abroad. That's not a defensible position. And that's why we're closing this loophole to make it absolutely clear that's unacceptable.

Now I think it does make sense. What Congressman DAVIS proposed as a new way of proceeding is fine with me. And here's why. The bottom line is protecting the taxpayers and protecting our troops. And if we can accomplish that better by finding a way that has bipartisan support, we can all have more confidence that we'll be successful.

So I'm glad to work with Chairman DAVIS in order to have this get done in a bipartisan way. I want to thank very much Chairman WAXMAN and the great work of my chairman of the subcommittee, Mr. TOWNS, for bringing this forward so quickly and so effectively.

Mr. DAVIS of Virginia. Well, let me thank my friend for calling me Chairman DAVIS. It's with nostalgia that I use the terminology, but I guess once a chairman, always a chairman. But I now recognize Mr. WAXMAN as my chairman and a counterpart in a number of these issues.

I again enjoyed working with you on this legislation to bring it. I would urge its adoption.

I yield back the balance of my time.

Mr. TOWNS. Mr. Speaker, I want to thank Chairman WAXMAN; I want to thank Ranking Member DAVIS; and, of course, Ranking Member BILBRAY for his work; and, of course, Congressman WELCH. This legislation is really needed, and I was happy that we were able to move it to the floor very quickly, because any time we can save money, and I think that this is what this does, it saves the taxpayers money, and I just think we need to salute Congressman WELCH for his insight in being able to do just that.

Mr. THOMPSON of Mississippi. Mr. Speaker, I rise today in support of H.R. 5712, the "Close the Contractor Fraud Loophole Act."

The name of this bill really says it all. Today, as I speak, there is a loophole in Government procurement regulations that allows some contractors to avoid reporting violations of Federal law or overpayments.

The privilege—and, yes, it's a privilege—of earning Federal dollars carries with it certain responsibilities. One of those responsibilities is to do your utmost to avoid fraud, violations of law, and overpayments. Now, I understand that many large contractors have thousands of employees, and sometimes there can be a bad apple. But when a contractor learns of such a bad apple, it is its responsibility to report what it learns to the Government, and to make the Government whole for any loss.

Today, most contractors working in the United States are required by regulation to do just this. But contractors working overseas, and a few here in the U.S., fall outside this simple, commonsense reporting requirement.

This is not right—contractors accepting Federal dollars should be treated the same, whether they are performing the work in the United States or overseas, and regardless of whether they are selling "commercial items."

I want to commend Mr. WELCH and Chairman WAXMAN for recognizing this problem, and for doing something about it. Now that they have acted, the administration says that this loophole was a "bureaucratic mistake" and should be closed. Yet, before Congress moved, the administration was curiously slow to do anything to address this "mistake."

My committee has devoted a lot of time and energy to examining the Department of Homeland Security's contracting practices. What we have found is not always pretty. The Department is young, and has made some poor contracting decisions. But poor decisionmaking and the occasional inexperienced contracting officer is not a license for abuse, and it is incumbent on any contractor who discovers such abuse to report it.

I hope the administration makes good on its word and closes this loophole, but I'm mindful that it took congressional oversight and action to stir them into action. This is oversight at its best, and make no mistake, our oversight—of both the Government and the contractors themselves—will continue. I encourage all of my colleagues to support this legislation.

Mr. TOWNS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. TOWNS) that the House suspend the rules and pass the bill, H.R. 5712, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GOVERNMENT FUNDING TRANSPARENCY ACT OF 2008

Mr. TOWNS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3928) to require certain large government contractors that receive more than 80 percent of their annual gross